

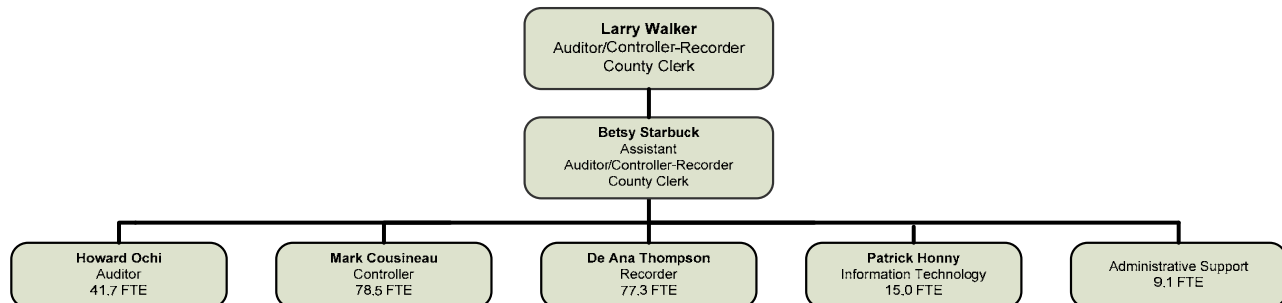
AUDITOR/CONTROLLER-RECORDER

Larry Walker

I. MISSION STATEMENT

The San Bernardino County Auditor/Controller-Recorder's Office (ACR) is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the county. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.

II. ORGANIZATIONAL CHART



III. DESCRIPTION OF MAJOR SERVICES

The Office of the Auditor/Controller-Recorder and County Clerk is responsible for providing the county and its constituents with a variety of accounting services and document recording and management services. The Auditor and Controller Divisions record the collections and perform the accounting, reporting, disbursements, and audits of all county financial activities to ensure sound financial management. In addition, they are responsible for payroll services, developing and implementing accounting systems and standards, conducting operational risk assessment reviews, and administering the Countywide Cost Allocation Plan.

The Recorder Division accepts all documents for recording that comply with applicable recording laws. The Recorder produces and maintains official records evidencing ownership and encumbrances of real and personal property and other miscellaneous records. The Recorder Division is also responsible for County Archives and County Clerk functions. County Archives maintains all the historical records for the county. The office of the County Clerk files and manages records as they relate to vital statistics, fictitious business names, and other records that are required by the State to be filed with the County Clerk.

The specific services performed by each division are listed below.

Auditor Division

- Perform financial and internal audits and risk assessment reviews.
- Advise departments on conducting operational risk assessment.
- Prepare the Countywide Cost Allocation Plan (COWCAP) and the Indirect Cost Rate Proposal (ICRP).
- Implement new accounting systems.
- Perform disaster response accounting.
- Assist departments with reimbursement claims through state and federal processes.
- Provide consultation services to departments to integrate accounting and financial processes such as the use of credit cards and departmental accounting software.
- Prepare Internal Service Fund (ISF) financial statements.

Controller Division



- Process payroll for county (EMACS partner).
- Perform contract payroll for outside governmental agencies.
- Manage the Financial Accounting System (FAS) and maintain official county records through FAS.
- Audit vendor payments and perform the accounts payable processes.
- Manage county credit cards.
- Control budget expenditures to Board-approved appropriation levels.
- Maintain the county's chart of accounts.
- Prepare the Comprehensive Annual Financial Report (CAFR) according to Governmental Accounting Standards Board (GASB) standards.
- Extend property tax roll and apportion property tax revenue.
- Prepare assurance type reports for county and outside agencies.

Recorder Division

- Upon payment of proper fees and taxes, the recorder:
 - Records land records related to real and personal property ownership, judgments, liens, notices, military discharges, marriage licenses, and other miscellaneous documents.
 - Files maps or documents such as tract maps, subdivision maps, parcel maps, and certificates of correction.
- Collects and distributes portions of monies to various agencies, such as D.A. Real Estate Fraud fund, Preliminary Change of Ownership Reports to Assessor, and Documentary Transfer Tax to the county and cities.
- Images, maintains and provides documents digitally and in a photographically reproducible format (microfilm).
- Creates, maintains and provides an index of document information, including Grantor/Grantee, when recorded mail to, Assessor's parcel number, and the short legal description.
- Certifies and testifies to validity of documents on file.

County Clerk Section

- Review, issue and file Fictitious Business Names (FBN) to individuals, partnerships, and corporations.
- Review applications, review background checks with the State Department of Justice, and issue identification cards for unlawful detainer processor, legal photocopier, process server, notary public and power of attorney.
- Maintain, report, and make available to the public Oaths of Office and Conflict of Interest reports for specified individuals.
- Issue marriage licenses.
- Issue certified and informational copies of birth, death, and marriage certificates
- Perform civil marriage ceremonies.
- Deputize commissioners of civil marriages, deputy county clerks, deputy recorders, and notary publics.
- Image, maintain, and provide documents digitally and in a photographically reproducible format (microfilm).

Archives

- Restore, preserve and manage historic records as it relates to the history of county government.



2005-06 ACCOMPLISHMENTS

Auditor/Controller Divisions

- Began implementation of eTime, the online time-reporting tool.
- Completed Classification Review of EMACS staff.
- Completed the Accounts Payable recovery audit.
- Improved integrity of the Fraud, Waste, and Abuse hotline by using a call center.
- Managed an audit of Omnitrans at the Board of Supervisor's request.
- Began the review and update of the audit risk report for county departments.
- After approval of 19 MOUs, processed retroactive pay for approximately 18,000 county employees.

Recorder Division

- Improved integrity of ACR records by equipment improvements to the file room.
- Decentralized records management to county departments and closed the Records Management center.
- Expanded Archives into a new and improved location.
- Enhanced the software systems for County Clerk functions.
- By adding three title companies to the electronic recording system, the percentage of documents recorded electronically increased from 16% to 21%.

Information Technology

- Developed and administered department-specific Information Technology Security Awareness Training.

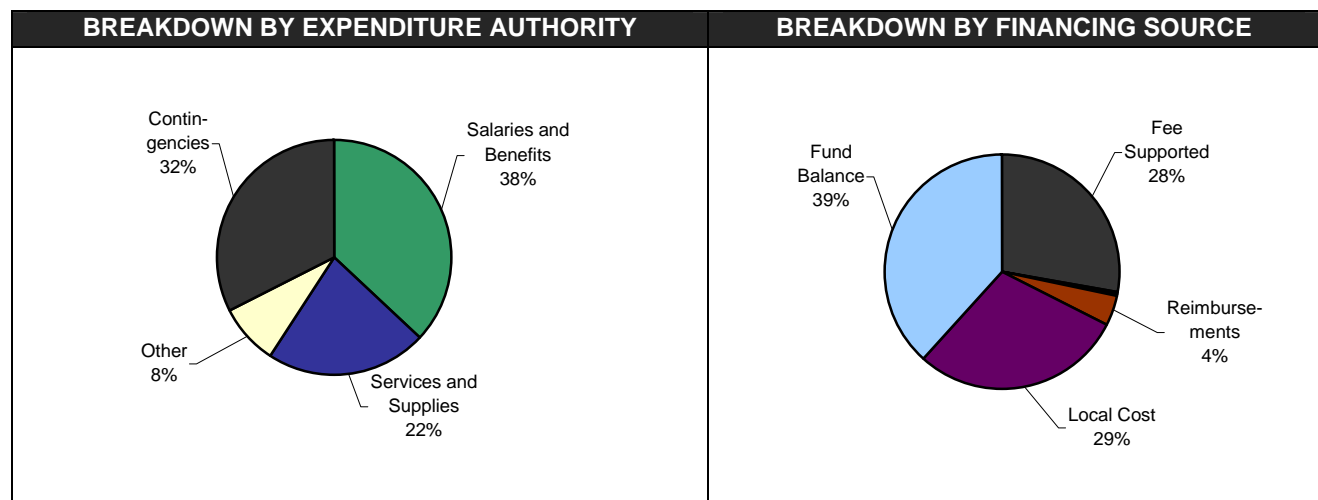
Administration

- Helped 22 departments complete records retention schedules, for a total of 24 countywide.
- Implemented new departmental employee orientation process.

V. 2006-07 SUMMARY OF BUDGET UNITS

| | 2006-07 | | | | |
|-----------------------------|---------------|------------|------------|--------------|----------|
| | Appropriation | Revenue | Local Cost | Fund Balance | Staffing |
| Auditor/Controller-Recorder | 18,246,993 | 5,614,812 | 12,632,181 | | 210.6 |
| Systems Development | 22,928,372 | 6,500,000 | | 16,428,372 | 17.0 |
| Vital Records | 344,213 | 142,000 | | 202,213 | - |
| TOTAL | 41,519,578 | 12,256,812 | 12,632,181 | 16,630,585 | 227.6 |

VI. 2006-07 BUDGET



VII. GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

GOAL 1: IMPROVE THE FINANCIAL ACCOUNTING SYSTEM (FAS).

Objective A: Identify, plan, and execute FAS improvements including conducting and monitoring intermittent user satisfaction surveys.

Status

The first goal, to improve the Financial Accounting System, is in progress. The department plans to have the FAS replacement installed by July 2008. The department has surveyed FAS users regarding reports, including the types of reports available as well as the data presentation to enhance user satisfaction with the new system. As the upgrade proceeds, we will monitor user satisfaction with the system and provide additional training as needed. The department wants our robust accounting system to be useful to management, as well as to accountants and financial entities.

In a measurable aspect of our commitment to provide timely and accurate financial information regarding the finances of the county, the Auditor/Controller-Recorder has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association each year since 1988. An award-winning County Annual Financial Report (CAFR) promotes trust in the financial records of the county and enables better credit ratings from the agencies. As the Governmental Accounting Standards Board (GASB) adopts more standards and the Government Finance Officers Association adopts new practices to implement those standards, staff continues to be challenged to meet the standards and practices within the deadlines. Additional staff, or at least cyclical staff needs will require analysis and response to maintain an award-winning report.

GOAL 2: EXPAND AND ENHANCE RECORDER DIVISION SERVICES.

Objective A: Maintain library of microfilm from 1980 to present in good repair.

Objective B: Maintain an up-to-date inventory of all microfilm.

Objective C: Digitize images from 1980 to current.

Objective D: Expand services in outlying offices.

| MEASUREMENT | 2005-06 (Actual) | 2006-07 (Projected) | 2006-07 (Estimated) | 2007-08 (Projected) |
|--|---------------------|------------------------|------------------------|------------------------|
| 2A. Percentage of film images that are repaired by June 30, 2007. (462,228 to be repaired images as of 2005-06) | 25% | 80% | 80% | 90% |
| 2B. Track and maintain the number of new microfilm cassettes that are inventoried within one month of receipt by June 30, 2007. (30,011 cassettes as of 2005-06) | N/A | 100% | 100% | 100% |
| 2C. Convert percentage of microfilmed images from 1980 to present to a digitized format by June 30, 2007. (3,235,595 images to be converted as of 2005-06) | N/A | 80% | 80% | 90% |

Status

As part of the second goal, the County Recorder is required by law to maintain images of official records on microfilm. The State Archivist has opined that the only two appropriate methods of maintaining archival records are paper and microfilm. However, utilizing microfilm for customer searches on a day-to-day basis is not practical because it is more time-consuming, and results in more wear and tear on the microfilm. For daily business purposes, digital images are far more practical for customers and staff.

During 2006-07, it was determined that the most efficient process was to repair images as identified as the inventory progressed. Our performance measures are therefore estimates until the inventory is complete.



Although a manual inventory system is in place, the measurement of maintaining an inventory within 30 days of receipt will be streamlined and improved with the implementation of inventory management software.

The ACR converts the microfilm images to digital to ensure the safety of the county's official records while offering the most practical means for customer service. The goal of converting 80% of all film images from 1980 to present to a digital format will be reached for 2006-07. In 2007-08, a level of 90% will be achieved. The costs for achieving this goal are included in an existing contract and will not impact the general fund.

GOAL 3: ENHANCE ACCOUNTS PAYABLE PROCESS.

Objective A: Expand use of electronic fund transfers (EFT) for vendor payments.

Objective B: Reduce the amount of time required to process county bills and payments.

| MEASUREMENT | 2005-06 (Actual) | 2006-07 (Projected) | 2006-07 (Estimated) | 2007-08 (Projected) |
|--|---------------------|------------------------|------------------------|------------------------|
| 3A. Percentage increase in vendor participation in the EFT program. (358 vendors as of 2005-06) | 10% | 10% | 25% | 35% |
| 3B. Percentage of payments processed within ten days of presentation to ACR. (January through June 2006, 43,479 documents processed) | 86% | 90% | 90% | 90% |

Status

For the third goal, the Auditor/Controller-Recorder implemented electronic systems to pay the county's bills. In an effort to increase vendor participation in the EFT program, Accounts Payable trained county staff and advertised the program to vendors, encouraging them to participate. Accounts Payable will soon be working with the new FAS system, and management will reevaluate the workflow and performance measures to ensure optimal use of the system, staff, and services. The costs for achieving this goal are included in the department's budget. The measurement of a 10% increase in vendor participation in the electronic fund transfer program will be achieved for 2006-07.

Also, the department is on track to reach the measurement of processing 90% of payments within 10 days of receipt by June 30, 2007.

In 2006-07, the ACR recommended the expanded use of the Cal-Card (procurement card) program and included it as an objective in the business plan. However, this is more appropriately a goal for the Purchasing Department to consider and has been eliminated as a 2007-08 goal for the ACR department.

VIII. 2006-07 APPROVED ADDITIONAL GENERAL FUND FINANCING (POLICY ITEMS)

Policy Item 1: A joint policy item was approved with Human Resources and the Information Services Division to add 1.0 position to the Employee Management and Compensation System (EMACS) team. The department received \$68,632 in on-going general fund financing for the position.

| MEASUREMENT | 2005-06 (Actual) | 2006-07 (Projected) | 2006-07 (Estimated) | 2007-08 (Projected) |
|---|---------------------|------------------------|------------------------|------------------------|
| P1. Analyze and review existing and new non-standard employee contracts for variances with EMACS and ensure the appropriate adjustments are made. | N/A | 90% | 90% | 100% |



IX. 2007-08 REQUESTS FOR ADDITIONAL GENERAL FUND FINANCING (POLICY ITEMS)

| 2007-08 OBJECTIVES FOR POLICY ITEMS | 2007-08 POLICY ITEMS |
|--|---|
| P1. Increase productivity and efficiency by providing the appropriate space, equipment, and furniture for Central Payroll/EMACS. | <ul style="list-style-type: none"> Remodel the Central Payroll/EMACS area to provide for the space, equipment, and furniture requirements of co-located staff from three County departments – ACR, ISD, and HR. <p>Additional Funding Requested: An estimate of one time funding of \$860,000</p> <ul style="list-style-type: none"> Cost to remodel Central Payroll/EMACS to create additional office space: <ul style="list-style-type: none"> \$420,000 remodel \$440,000 furniture <p>Coordination is needed between ACR, ISD, and HR to determine space, equipment, and furniture needs for current staff and for future growth. It is proposed that the remodel and furniture be paid for from contingencies.</p> |

| MEASUREMENT | 2005-06 (Actual) | 2006-07 (Projected) | 2006-07 (Estimated) | 2007-08 (Projected) |
|---|---------------------|------------------------|------------------------|------------------------|
| P1. Reduce backlog of projects to increase the functionality of EMACS. (37 backlog projects 2006-07) | NEW | NEW | NEW | 10% |

X. 2007-08 PROPOSED FEE ADJUSTMENTS

| DESCRIPTION OF FEE REQUEST | SERVICE IMPACTS |
|---|--|
| 1. In 2007-08, the department will propose increases in accounting and auditing fees to mitigate the amount of local cost funding required to fund existing policy programs. Modify the Fee Ordinance to change 16.023A (a), (b), (e), (f), (k)(1), (m) from \$77.00/hour to \$82.00/hour and modify 16.023A (i) from \$39.00/hour to \$44.00/hour. | If fees are not increased, the general fund will be subsidizing the cost of these services to non-general fund units. |
| 2. Modify Fee Ordinance to change 16.023A (p)(3) from \$0.30/index field to \$0.05/document title. | Fee change will be more consistent with market rates and will result in additional sales of index data. |
| 3. Additional fee of \$1.00 for recording each document in order to defray the cost of the Recorder's document storage system and support the restoration of county records pursuant to GC 27361 et seq. The revenue will be placed into a new special revenue fund. | Fee will not affect the number of document recordings. Revenue will support storage, retention and restoration of county records. |
| 4. Additional fee of \$1.00 for recording each document in order to defray the cost of participating in an expanded electronic recording delivery system, pursuant to GC 27397 (AB 578). The revenue will be placed into a new special revenue fund. | Fee will not affect the number of document recordings. Revenue will support the development and maintenance of an expanded and enhanced electronic recording delivery system. |
| 5. New fee of \$10.00 for certification of each electronic recording submitter beyond the initial training and certification period, to be added as 16.023A (t)(8). The revenue will be considered departmental revenue (general fund). | Fee will not affect the number of electronic recordings. It should result in better planning of electronic recording staff at submitting locations and discourage unnecessary training of additional submitters. |



| DESCRIPTION OF FEE REQUEST | SERVICE IMPACTS |
|---|--|
| <p>6. Modify the Fee Ordinance to change 16.023A (i)(1) by adding a new fee of \$5.00 per statement to reprint leave and earnings statements. The revenue will be considered departmental revenue (general fund).</p> | <p>Fee will not affect the service that Central Payroll provides to employees. Leave and earnings statements are available online for free and currently a printed version is provided to each employee free. The proposed fee will encourage employees to access the information via the Intranet.</p> |
| <p>7. Modify the Fee Ordinance to change 16.023A (i)(2) by adding a new fee of \$5 per statement to reprint W-2 forms if printing 1999 to current year (if after April 15) and a fee of \$20 per statement for prior to 1999. The revenue will be considered departmental revenue (general fund).</p> | <p>Fee will not affect the service that Central Payroll provides to employees. A free W-2 statement is provided to each employee by January 31 following the close of a tax year; copies would be free until April 15. For copies of a W-2 after April 15 or for a prior year back to 1999, ACR proposes to implement a fee of \$5 to conduct the research and for special handling of this off-cycle W-2. Prior to 1999, payroll records are kept either in the legacy system or on paper, requiring even more research. ACR proposes a fee of \$20 for each W-2 reprint for years prior to 1999.</p> |

If there are questions about this business plan, please contact Betsy Starbuck, Assistant Auditor/Controller-Recorder, at (909) 386-8818.

